

Ag & Vet Weekly



Monday June 22 – Friday June 26, 2020

All the news on ASX-listed agriculture and veterinary companies

- * **JUNE 26: ASX UP, AVW-44 DOWN: ANATARA UP 23%; AP HEMP DOWN 9%**
- * **FONTERRA TO PAY MORE FOR SUSTAINABLE, QUALITY MILK**
- * **WIDE OPEN PARTNERS WITH ETHICAL FOOD PRODUCERS**
- * **ECOFIBRE: CHAIR BARRY LAMBERT-RELATED \$10m LOAN**
- * **A2 MILK: STRATEGIC TALKS, MEDIA SPECULATION**
- * **THC RAISES \$6.6m, SHARE PLAN FOR MORE**
- * **ANATARA: NO DETACH PARTNER BY JULY**
- * **THC TO SUPPLY MARIJUANA TO MEDLEAF NZ**
- * **ALTHEA, COLLECTIVE TO MANUFACTURE MARIJUANA BEVERAGES**
- * **MGC: 3-YEAR GMP LICENCE FOR SLOVENIAN MARIJUANA FACILITY**
- * **MGC UNMARKETABLE PARCEL FACILITY**
- * **ANTANAS GUOGA SELLS ALL 3.4m OPYL SHARES**
- * **PETER MCBRIDE TO REPLACE FONTERRA CHAIR JOHN MONAGHAN**
- * **CLEAN SEAS LOSES DIRECTOR HELEN SAWCZAK**
- * **JIM COOPER REPLACES TERRAGEN CEO JUSTUS HOMBURG; ON \$301k**

MARKET REPORT

The Australian stock market was up 1.49 percent on Friday June 26, 2020, with the ASX200 up 86.4 points to 5,904.1 points. Thirteen of the AVW-44 stocks were up, 18 fell, 12 traded unchanged and one was untraded.

Anatara was the best, up three cents or 23.1 percent to 16 cents, with 103,000 shares traded. Memphasys was up 11.5 percent; Ridley and Seafarms improved two percent or more; Apiam, Bubs, Ecofibre, Next Science, Select Harvests and Wide Open rose more than one percent; with A2 Milk, Palla Pharma and Synlait up by less than one percent.

AP Hemp led the falls, down one cent or 8.7 percent to 10.5 cents, with 93,909 shares traded. Cann Global and Ocean Grown Abalone fell more than seven percent; Opyl and Pharmaust lost more than six percent; Cannpal, MGC and Murray Cod fell more than four percent; Althea and Regeneus were down three percent or more; Creso and Tassal shed more than two percent; Bega, Huon, Nufarm and THC lost one percent or more; with Clover and Elders down by less than one percent.

FONTERRA CO-OPERATIVE GROUP

Fonterra says it will pay farmers up to 10 NZ cents per kilogram of milk solids if the farm meets sustainability and value targets, effective from June 1, 2021.

Fonterra said the payment, funded by the Farmgate Milk Price, would replace the previous "farm source reward dollars" that farmers currently earned.

The company said targets would be set annually but the payment would work on a tiered system, with the amount that each farm was paid to vary depending on contributions under the company's co-operative difference framework.

Fonterra said it was looking at how the program might work for Australian farmers as part of its Australian milk price construct.

The company said that there was "some work to do given the different milk pricing arrangements between Australia and New Zealand, but we know this is important to our customers".

Fonterra was unchanged at \$3.47.

WIDE OPEN AGRICULTURE

Wide Open Agriculture says it has multiple new partnerships with regenerative and ethical food producers to sell products on its online store Dirty Clean Food.

Wide Open said the expanded product range, sourced from Western Australia, included pork, oats, eggs, milk, flour, honey and bread.

The company said it would sell milk from the Northcliffe-based Bannister Downs and free-range, pasture-raised eggs from Udu's Runnymede Farms, with pork to be supplied from the Nannup-based Chestnut Brae and Coolup's Hamlet Pork.

Wide Open said it would source oats from farmers in the Arthur River and Kojonup areas, ready-to-go meals from Perth's North Street Store, sourdough bread from Margaret River Woodfired Bread, honey from Bidjaronning Honey and flour from Miller & Baker.

Wide Open managing-director Dr Ben Cole said that with "a fully-operational direct-to-consumer sales portal, and integrated logistics capability, expanding our offering is the next logical step towards growing and retaining our online customer base".

"The Dirty Clean Food website also has the capacity to offer business-to-business sales and we are already experiencing increasing sales to restaurants across Western Australian as they begin to re-open as coronavirus restrictions ease," Dr Cole said.

Wide Open was up 0.5 cents or 1.2 percent to 41 cents.

ECOFIBRE

Ecofibre says it has a \$10 million loan from a trust related to non-executive chairman Barry Lambert, who was the trust appointer.

Ecofibre said the loan had an 8.0 percent interest rate and the repayment date was July 15, 2020, which could be extended twice by six months and it could elect to partially repay the loan in multiples of \$1 million.

Ecofibre was up four cents or 1.8 percent to \$2.26.

A2 MILK CO

A2 Milk says it is having "various discussions with a number of parties in relation to potential strategic options" and won't respond to "media speculation".

A2 said the discussions related to "participation in manufacturing capacity and capability".

A2 Milk was up 15 cents or 0.8 percent to \$18.27 with 3.1 million shares traded.

THC (THE HYDROPONICS COMPANY) GLOBAL GROUP

THC says it has raised \$6.6 million through a placement to institutional and sophisticated investors at 30 cents a share and offer a share purchase plan.

THC said eligible shareholders would be able to apply for up to \$30,000 of new shares at the same price under the share plan.

The company said the record date was June 19 and it was expected to open on June 25 and close on July 10, 2020.

THC said the funds would be used for working capital and to support acceleration of marijuana medicine manufacturing at its Southport facility.

The company said MST Financial was the lead manager to the placement.

THC fell 0.5 cents or 1.7 percent to 29 cents with 2.2 million shares traded.

ANATARA LIFESCIENCES

Anatara says it does not expect to reach a partnering agreement for its pineapple-stem bromelain-derived Detach for livestock diarrhoea by June 30, 2020.

Last June, Anatara said the Florham Park, New Jersey-based Zoetis Inc had terminated its exclusive worldwide licence to the Detach diarrhoea treatment for livestock and horses (BD: Jun 14, 2019).

In August, the company said it had hired an animal health business development consultant to help licence Detach for piglet diarrhoea (BD: Aug 5, 2019).

Today, Anatara said it was in discussions with third parties to progress development of its animal health products and to address barriers to partnering.

The company said it continued to progress its human health portfolio and hoped to commence a trial of its gastrointestinal reprogramming (Garp) medicine for irritable bowel syndrome by December 31, 2020.

Anatara said that due to budgetary constraints, it was exploring animal health partner companies to develop and commercialize Detach for multiple species and was nearing conclusion of due diligence and negotiation.

The company said feedback suggested that further proof of concept data in other species and additional dosage forms for piglets was required.

Anatara was up three cents or 23.1 percent to 16 cents.

THC (THE HYDROPONICS COMPANY) GLOBAL GROUP

THC says it has an agreement to produce and supply medical marijuana products to the Auckland, New Zealand-based Medleaf Therapeutics.

THC said it would initially supply Medleaf with 2,250 bottles of full spectrum cannabidiol and balanced tetrahydrocannabinol with cannabidiol medicines from October 2020 to August 2021, with an automation renewal option.

ALTHEA GROUP

Althea says subsidiary Peak Processing Solutions has an agreement with Collective Project to manufacture and distribute marijuana-infused canned beverages.

Althea said it would manufacture the beverages at its Tecumseh, Ontario-based facility, subject to receipt of a Health Canada standard processing licence.

Althea fell one cent or three percent to 32 cents with 1.1 million shares traded.

MGC PHARMACEUTICALS

MGC says it has a further three-year good manufacturing practice licence for its Slovenian production and compounding facility.

MGC said the Slovenia Agency of Medicinal Products and Medical Devices conducted an annual audit and renewed the licence, confirming its compliance with European quality standards.

MGC fell 0.1 cents or 4.55 percent to 2.1 cents with 5.9 million shares traded.

MGC PHARMACEUTICALS

MGC says it has a share sale facility for holders of unmarketable parcels of shares, worth less than \$500, based on 2.4 cents a share on the record date of June 19, 2020.

MGC said that based on the sale price, unmarketable parcels were holders of 20,833 shares or fewer.

The company said it would aggregate and sell the unmarketable parcels to allow shareholders to sell shares without brokerage or handling costs and to allow the company to reduce administrative costs of maintaining a large number of unmarketable parcels.

MGC said the closing date for the facility would be August 7, 2020.

OPYL

Antanas Guoga says he has ceased his 11.4 percent substantial holding in Opyl, selling all 3,374,900 shares for nine cents a share on June 23, 2020.

Last week, Opyl said it raised \$738,000 at 10 cents a share (BD: Jun, 19, 2020).

Opyl fell 0.6 cents or 6.25 percent to nine cents.

FONTERRA CO-OPERATIVE GROUP

Fonterra says farmer director Peter McBride will replace John Monaghan following his retirement at the annual general meeting this November.

Fonterra said the board had selected Mr McBride from within its pool of seven elected farmer directors.

Mr McBride said he grew up on a dairy farm near Te Aroha and with his wife Linda ran the family farm milking 950 cows in the South Waikato.

Mr McBride said that Mr Monaghan had worked with the Co-op for "almost two decades ... the last 12 years as a director".

CLEAN SEAS SEAFOOD

Clean Seas says independent non-executive director Helen Sawczak has resigned due to "increasing demands" from her work as a chief executive officer.

Clean Seas did not say for which company Ms Sawczak was a chief executive officer.

The Australia China Business Council confirmed to Ag & Vet Weekly that Ms Sawczak was its chief executive officer.

Clean Seas was unchanged at 57 cents.

TERRAGEN HOLDINGS

Terragen says it has appointed Jim Cooper to replace Justus Homburg as chief executive officer and managing-director, starting on \$301,125 a year.

Terragen said Mr Homburg led the company through its initial public offer and ASX listing in December 2019, and would continue with the company as a consultant, retaining his company options (AVW: Dec 13, 2019).

The company said Mr Cooper was previously a senior executive at the Port of Melbourne and chief executive officer at the Port of Portland.

Terragen said Mr Cooper would receive a base salary of \$301,125 a year, including superannuation, as well as participating in the Terragen employee incentive plan, subject to board and shareholder approvals.

Terragen was unchanged at 19 cents.